COVERAGE INSIGHTS

Provided by BHC Insurance

Personal and Advertising Injury Coverage

Most general liability claims involve physical injury to someone else or damage to their property. Some lawsuits allege harm of a different kind, such as a false statement about a competitor or the use of a copyrighted image in an advertisement without permission. Personal and advertising injury coverage, known as Coverage B in a standard commercial general liability policy, responds to claims like these.

This article explains what Coverage B includes, when it applies, which exclusions commonly limit it and how businesses can review their own policies.

What Coverage B Covers

Coverage B pays damages for personal and advertising injury and provides a defense against covered suits. Unlike bodily injury and property damage coverage, it applies only to offenses named in the policy. If an allegation does not fit the list, the policy generally does not respond.

Although people often use "personal injury" to mean bodily harm, Coverage B focuses on specific offenses involving personal rights, reputation, privacy and advertising. The policy defines these offenses together as "personal and advertising injury."

The standard list includes these offenses:

- **False arrest, detention or imprisonment**—Wrongfully restraining a person, such as detaining a customer suspected of shoplifting
- **Malicious prosecution**—Starting a legal proceeding against someone without proper cause
- **Wrongful eviction or entry**—Wrongfully removing a person from premises they occupy, wrongfully entering those premises or invading their right to private occupancy, when done by or on behalf of the owner, landlord or lessor
- **Defamation and disparagement**—Publishing material that slanders or libels a person or organization or disparages its goods, products or services
- **Privacy violations**—Publishing material that violates a person's right of privacy
- **Use of another's advertising idea**—Using someone else's advertising idea in the insured's advertisement
- **Infringement in advertising**—Infringing another's copyright, trade dress or slogan in the insured's advertisement

The last two offenses must occur in the business's advertisement. In general, an advertisement is a notice broadcast or published to attract customers or supporters. It can include website and social media content about the business's goods, products or services.

When Coverage Applies

Coverage B is triggered by an offense committed during the policy period that arises out of the insured's business. The claim does not have to involve an accident, although exclusions may bar

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coverage for knowingly wrongful conduct. The policy carries a separate limit for personal and advertising injury per person or organization. Damages paid under Coverage B reduce that limit and the general aggregate limit. Defense costs generally are paid in addition to those limits.

Common Exclusions

Several exclusions apply only to Coverage B. Common examples include:

- **Knowing violations**—This refers to injury caused by an act the insured knew would violate another's rights and inflict this type of injury.
- **Known falsehoods**—This includes material published with knowledge that it was false.
- **Prior publication**—This includes material first published before the policy period began.
- **Intellectual property**—This encompasses infringement of copyrights, patents, trademarks, trade secrets or other intellectual property, with exceptions for certain advertising offenses.
- **Quality and prices**—This involves injury arising from goods that fail to conform to advertised quality or performance, or from wrong descriptions of prices.
- **Media and internet businesses**—This refers to injury caused by an insured whose business is advertising, broadcasting, publishing or telecasting; designing website content for others; or providing internet search, access or content services. The exclusion does not apply to the detention, prosecution and eviction offenses.

Wording varies by policy edition and endorsement. Some policies add language that limits coverage for the use of another person's image or likeness, which can affect claims tied to social media posts and marketing materials. As such, businesses should not assume that a claim involving a post or an image falls within coverage.

Where Other Coverage May Fit

Coverage B is built for businesses whose main operations are not publishing or advertising for others. The media and internet exclusion can remove most of Coverage B for companies in those lines of business, so they may need separate media liability coverage. Advertising a company's own products does not by itself make it an advertising business.

Best Practices for Policyholders

Businesses can reduce surprises by comparing their marketing practices with their policy wording before a claim arises. Consider the following strategies:

- **Review marketing content**. Compare website, social media and print materials with covered offenses and exclusions.
- **Check the Coverage B limit**. Confirm the per-person or organization limit and how damages paid affect the general aggregate.
- **Look for image and likeness wording**. Ask whether any endorsement limits coverage for using another person's image, photograph or likeness.
- **Keep publication records**. Document when material was first published, since material published before the policy period may be excluded.
- **Review coverage at renewal**. Changes in marketing practices or policy wording can shift how Coverage B responds.

Key Takeaways

Personal and advertising injury coverage protects against claims alleging specified offenses involving personal rights, reputation and advertising, subject to policy terms and exclusions. Because it responds only to listed offenses and carries its own exclusions, the details of policy wording determine whether a claim is covered. Consulting with a trusted insurance professional can help businesses understand how Coverage B applies to their operations and identify any gaps.

Personal and Advertising Injury Coverage

Contact us today for additional liability insurance guidance.